



Finance & Audit Committee Terms of Reference

Purpose

The Finance & Audit committee will report to the Board of Directors on real estate, financial and administrative issues, to monitor the PCC's financial management and reporting, including enterprise risk management. The committee is the liaison between the Board and management, and other resources including the external auditors.

The Finance & Audit Committee will carry out the following activities and make recommendations to the Board on policies regarding:

- a) systems of financial control
- b) reporting
- c) audit
- d) real estate
- e) risk management.

Membership

The Finance & Audit Committee consists of up to 5 directors and includes the Board Chair as an ex officio member. The Board Chair appoints the directors to populate the committee at the Board's first regular meeting in each fiscal year. The Board Chair appoints the Committee Chair from amongst the committee members. Resource staff for the Committee will consist of the CEO and CFO and any additional staff identified by the CEO in consultation with the Committee Chair.

Members of the committee should be financially literate and at least one (1) member should have accounting or related financial management expertise. Finance & Audit Committee members should be independent of any conflict or perceived conflict of interest in dealing with committee business and providing input and recommendations. At least one member of the committee should have a financial designation or relevant financial management expertise.

Reporting relationship

The committee is responsible to the Board of Directors and will report its deliberations to the Board through its minutes and the Committee Chair. The Committee will review its terms of reference at its final meeting in each fiscal year and recommend changes to the Board.

Meeting Schedule

The Finance & Audit Committee meets at least quarterly and as required by the Committee Chair or upon request of the Board Chair, management or the Board.

Core activities

Without restricting or limiting the scope of the committee, it will oversee all material aspects of financial reporting, control and audit functions to ensure the integrity of the PCC's financial reporting. Specifically, the committee will:

Financial Reporting

1. review annual operating and capital budgets
2. examine the budget methodology and recommend the operating budget for approval by the Board
3. review and approve quarterly and annual financial statements and related reports, including budgets, forecasts and long term plans
4. review and approve financial policies
5. review the quality and appropriateness of accounting procedures
6. monitor the progress towards the achievement of strategic planning goals



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External Audit

7. review auditor's report and the Management Discussion and Analysis section of the annual report
8. review external auditor's management letter (usually consisting of recommendations on internal control) and replies from management, and ensure corrective action plans are in place where appropriate and monitor the impact
9. meet with external auditors as and when required
10. evaluate the need for, and manage internal audit function, as required
11. review audit proposal and costs, and recommend to the Board the appointment of external auditors

Risk Management

12. obtain assurance from management that business risks are identified and significantly managed
13. recommend investment guidelines and receive annual information on investment performance
14. provide oversight for property plans, property management activities and leasing
15. act on other matters referred by the Board as necessary.

Independent working groups of the Finance & Audit Committee may be struck, as required.

Responsibility

Financial Reporting

1. review and recommend for approval the annual audited financial statements of the PCC including a determination that the appropriate accounting methods have been used
2. review the operating budget results, business risk, and explanation of variances between budgets and actual results and required proposed action no less frequently than quarterly
3. monitor the process to ensure compliance with all regulatory returns, and report as required to be filed.

The Finance & Audit Committee oversees the organization's budget, financial operations and results; monitors the adequacy and condition of capital assets; reviews and makes recommendations on capital activities; and appoints the organization's signing officers or other financial delegates.

The Finance & Audit Committee is responsible to:

- examine the budget methodology and recommend the operating budget for approval by the Board
- review planned expenditures and recommend annual capital budgets for approval
- recommend investment guidelines and receive annual information on investment performance
- ensure that the Board receives timely, meaningful reports on the organization's financial situation including up-to-date forecasts of year-end results.

External Audit

1. discuss the scope of the external audit of the financial affairs of the PCC, review the audit engagement letter and management's representation letters, and make recommendations to the Board
2. monitor the progress of the annual audit, and make inquiries and receive reports as the committee sees fit. As well, the committee shall receive the annual management letter from the external auditors and be responsible for ensuring that items of concern noted therein are resolved
3. conduct an annual performance evaluation of the external auditor
4. determine, on an annual basis, an auditor best suited to conduct the audit, and recommend to the Board of Directors.



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5. receive reports and letters from government agencies on financial issues and be responsible for ensuring that items noted therein are resolved and reported to the Board.

The Finance & Audit Committee's job is to assist the Board to fulfill its financial accountability and oversight responsibilities. The committee does this by reviewing the financial and performance information provided to the stakeholders, monitoring the systems of internal controls that management and the Board of directors have established, and overseeing the internal and external audit processes.

The Finance & Audit Committee is responsible to:

- review and approve the financial information that will be provided to Government and other stakeholders, and ensure that this information accurately represents the business activities of the organization;
- review and approve the systems of risk management and the internal controls established by management and the Board to:
 - ensure the organization's sound financial performance
 - ensure that the organization's internal controls have integrity and will lead to the production of accurate financial statements and performance reports
 - ensure that management has appropriate systems in place to identify and manage risk
 - prevent financial mismanagement.
- recommend the appointment and compensation of the external auditor
- oversee the independence of the external auditor, including where appropriate, the development of an auditor independence policy
- work with the auditor to:
 - define the purpose of the audit
 - formulate and approve the audit plan
 - review audit results
- evaluate the need for an internal audit function and make appropriate recommendations to the Board
- where the internal function is in place:
 - hire, evaluate and (if needed) replace the head of the internal audit unit
 - approve the internal audit unit's terms of reference
 - approve the internal audit unit's short and long-term plans and related resources
 - initiate and approve specific requests for audits
 - review audit reports (or summaries) and ensure that recommendations are implemented
 - evaluate the internal audit unit's performance.

Risk Management

1. Through discussions with management and the external auditors, obtain reasonable assurance that the PCC's internal controls and performance monitoring systems are adequate.
2. Annually, receive a report on risk exposure at the PCC and the steps that have been taken to determine, manage and report risks.
3. Bring to the Board's attention all financial matters and potential risks of which it has knowledge that may affect the current or future position of the PCC.

Real Estate

1. Review plan for commercial and open space properties
2. Receive reports on significant building leasing activities and report to Board
3. Receive a quarterly report on building remediation and capital maintenance